



**SACHI A. HAMAI**  
Interim Chief Executive Officer

**County of Los Angeles**  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
**HILDA L. SOLIS**  
First District

**MARK RIDLEY-THOMAS**  
Second District

**SHEILA KUEHL**  
Third District

**DON KNABE**  
Fourth District

**MICHAEL D. ANTONOVICH**  
Fifth District

February 03, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**FIVE-YEAR LEASE AMENDMENT**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**39959 SIERRA HIGHWAY, PALMDALE**  
**(FIFTH DISTRICT)**  
**(3 VOTES)**

**SUBJECT**

A five-year lease amendment to renew 49,500 square feet of office space and 247 parking spaces, located at 39959 Sierra Highway, Palmdale, for the Department of Children and Family Services.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Find that the proposed lease amendment is categorically exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by the Board of Supervisors, per Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Mayor to sign the five-year lease amendment with AP SIERRA, LLC (Landlord) for the Department of Children and Family Services' continued use of 49,500 square feet of office space, and 247 parking spaces located at 39959 Sierra Highway, Palmdale, at an annual first-year rent not to exceed \$950,400. The rental cost is approximately 69 percent subvented by State and Federal Funding and 31 percent net County cost.
3. Authorize the Interim Chief Executive Officer and the Director of Children and Family Services to implement the project. The lease will be effective upon approval by the Board of Supervisors, or on March 1, 2015, whichever occurs later.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The County of Los Angeles (County) has occupied the facility since 2005. The purpose of the space is to enable the Department of Children and Family Services (DCFS) to provide a comprehensive full-service direct child protection system dedicated to the safety of children in DCFS' care; reduce the time line to permanency for children in DCFS' care; and reduce reliance on out-of-home care. These outcomes are achieved largely through the work of Emergency Response, Family Maintenance/Reunification, and Permanent Placement Children's Social Workers, in collaboration with support staff.

The proposed lease amendment to extend the term of Lease No. 74876 for five years will allow staff to continue to meet with clients in the office and utilize the office for completion of paperwork and other duties in regards to providing services to families.

## **Implementation of Strategic Plan Goals**

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of process, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. The space will be used to enhance service delivery to the community by having an office directly in the community. Additionally, the Goal of Integrated Services Delivery (Goal3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. This Palmdale office will provide the public with easy access through a combination of quality information and responsive public services.

This proposed lease amendment complies with the Strategic Asset Management Principles, as shown in Attachment A.

## **FISCAL IMPACT/FINANCING**

The proposed five-year lease amendment will provide DCFS with 49,500 square feet of existing office space and 247 parking spaces at a monthly base rent of \$79,200, or \$950,400 annually. The lease amendment provides for establishment of a negotiated new monthly Base Rent of \$79,200 (\$1.60 per rentable square foot, modified full-service) subject to scheduled adjustments of \$.04 per square foot annually for five years.

Sufficient funding for the proposed lease renewal is included in the Fiscal Year 2014-15 Rent Expense budget and will be charged back to DCFS. Sufficient funding is available in DCFS' operating budget to cover the proposed lease costs. Attachment B is an overview of the lease costs for this lease renewal.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed lease amendment contains the following terms and conditions:

- The extension term shall be for a period of five years commencing upon execution of the amendment by the Board of Supervisors, or on March 1, 2015, whichever occurs later, and expiring five years thereafter.

- The amendment provides for the Landlord to commence the installation of new carpeting and interior painting of the entire premises within thirty (30) days of approval of the amendment to the satisfaction of the County. Carpet will be replaced and interior repainted per the County specifications provided to the Landlord.
- The rent includes parking for 274 vehicles for staff and visitors.
- The lease continues on a modified full-service basis whereby the Landlord is responsible for interior and exterior maintenance and janitorial service. The County is responsible for utility charges.

The Chief Executive Office (CEO) Real Estate Division (RED) surveyed the County areas that could best serve the need of the department to determine the market rate of comparable sites. Based upon said survey, staff has established that the average base rent, including parking, for similar property is \$28.41 per square foot per year, modified full-service. Thus, the base annual rent of \$19.20 per square foot, modified full-service, for the proposed lease amendment is within market rental rates for the area.

Attachment C shows County-owned and leased facilities within the search area for these services. The cost of renovating and building-out office space at a new location is not feasible at this time. Should a more cost-effective facility or housing approach become available in the near future, the early termination right negotiated in the lease affords the County flexibility to pursue future opportunities.

The Department of Public Works previously inspected this facility and its findings were that the building's structural system is suitable for County-leased buildings.

The leased premises have been inspected for compliance with the Americans with Disabilities Act (ADA). The required ADA upgrades will be completed by the Landlord and DCFS upon approval of the Amendment. Notification letters have been sent to the City of Palmdale pursuant to Government Code Sections 25351 and 65402.

A child care center is not feasible for the department in the proposed leased premises.

The consolidated and co-located DCFS programs will provide a central and appropriate location which is consistent with the County's Facility Location Policy adopted by the Board on July 24, 2012, as outlined in Attachment D.

## **ENVIRONMENTAL DOCUMENTATION**

The CEO has concluded that this project is exempt from the California Environmental Quality Act Guidelines (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

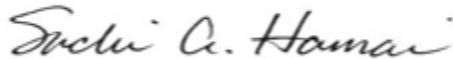
## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The proposed lease renewal will provide the necessary office space for this County requirement. DCFS concurs with the proposed lease renewal.

**CONCLUSION**

It is requested that the Executive Office, Board of Supervisors return two originals of the lease amendment, two certified copies of the Minute Order and the adopted, stamped Board letter to the CEO, Real Estate Division, 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sachi A. Hamai".

SACHI A. HAMAI  
Interim Chief Executive Officer

SAH:RLR:CMM  
SDH:JT:ns

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller  
Children and Family Services

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
39959 SIERRA HIGHWAY, PALMDALE**

**Asset Management Principles Compliance Form<sup>1</sup>**

1.	<b><u>Occupancy</u></b>		Yes	No	N/A
	A	Does lease consolidate administrative functions? <sup>2</sup>			X
	B	Does lease co-locate with other functions to better serve clients? <sup>2</sup>	X		
	C	Does this lease centralize business support functions? <sup>2</sup>			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? <sup>2</sup> <b>No, the space provides for 160 sq.ft. of space per person.</b>		X	
	E	Does lease meet the 4/1000 sq. ft. parking ratio guideline? <sup>2</sup>	X		
	F	Does public parking and mass-transit exist to facilitate employee, client and visitor access to the proposed lease location? <sup>2</sup>	X		
2.	<b><u>Capital</u></b>				
	A	Is it a substantial net County cost (NCC) program? <b>68.8% subvented, 31.2% NCC.</b>		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment C?	X		
	G	Was build-to-suit or capital project considered? <sup>2</sup> <b>Program is State and federally funded offsetting monthly rental costs. Capital project was not considered, because of favorable amendment term.</b>		X	
3.	<b><u>Portfolio Management</u></b>				
	A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. ____ No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. <u>X</u> The Program is being co-located.			
	E	Is lease a full service lease? <sup>2</sup> <b>Landlord would not agree to a full-service lease. The Landlord required the County to be responsible for utility charges.</b>		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
<sup>1</sup> As approved by the Board of Supervisors 11/17/98					
<sup>2</sup> If not, why not?					

## ATTACHMENT B

## OVERVIEW OF THE LEASE COSTS

<b>10430 SLUSHER, SANTA FE SPRINGS</b>	<b>EXISTING LEASE</b>	<b>LEASE RENEWAL</b>	<b>CHANGES</b>
AREA ( RENTABLE SQUARE FEET)	49,500	49,500	None
TERM	10 years 03/01/05 to 02/28/15	5 years 03/01/2015 to 02/28/2020	Additional Five years
ANNUAL BASE RENT	\$950,400	\$950,400	none
PARKING INCLUDED IN RENT	247 parking spaces	247 parking spaces	None
CANCELLATION	Anytime upon 120 days- notice after the 100th month	At the end of the 24 <sup>th</sup> month and 120 days prior notice	At the end of the 24 <sup>th</sup> month and 120 days prior notice
OPTION TO RENEW	Two five-year options	First five-year option exercised	One option remains
RENTAL ADJUSTMENT	Fixed annual increases of \$0.05-\$0.02 /mo. psf	Fixed annual increases of \$0.04/ mo. psf	Fixed annual increases of \$0.04/mo. psf

# ATTACHMENT C

## SPACE SEARCH AREAS: 93543, 93544, 93550, 93551, 93552, 93553, 93563, AND 93591 DEPARTMENT OF CHILDREN AND FAMILY SERVICES

LACO	FACILITY NAME	ADDRESS	SQ.FT. GROSS	NET SQ.FT.	OWNERSHIP	SQ.FT. AVAILABLE
A366	PUBLIC LIBRARY-LITTLE ROCK LIBRARY	35119 80TH ST E, LITTLE ROCK 93543	Leased	3,680	2,944	NONE
A505	HEALTH-LITTLE ROCK HEALTH CENTER	8201 PEARBLOSSOM HWY, LITTLE ROCK 93543	Leased	3,200	2,880	NONE
0067	PW ROAD-DIV #558 MAINTENANCE YARD OFFICE	8505 E AVENUE T, LITTLE ROCK 93543	Owned	1,250	1,125	NONE
A380	DPSS-ANTELOPE VALLEY GAIN REG II SUB-OFFICE	1050 E PALMDALE BLVD, PALMDALE 93550	Leased	18,795	17,855	NONE
A035	BOARD OF SUP-5TH DISTRICT FIELD OFFICE	1113 W AVENUE M-4, PALMDALE 93550	Leased	1,241	1,164	NONE
A364	SHERIFF-NORTH REGION VEHICLE THEFT PROGRAM	1713 E PALMDALE BLVD, PALMDALE 93550	Permit	1,050	998	NONE
A273	DCFS-FOSTER YOUTH EDU PROGRAM (PALMDALE)1	2137 E AVENUE R, PALMDALE 93550	Gratis	72	72	NONE
X232	PW ROAD-PALMDALE MAINTENANCE DIST NO.5 BLDG	38126 N SIERRA HWY, PALMDALE 93550	Owned	7,040	6,336	NONE
A576	DCFS-PALMDALE (SPA 1) & PALMDALE ADOPTIONS	39959 SIERRA HWY, PALMDALE 93550	Leased	49,500	47,025	NONE
A443	FIRE-PALMDALE FIRE PREVENTION SUBOFFICE	710 E PALMDALE BLVD, PALMDALE 93550	Gratis	30	30	NONE
X537	SHERIFF-PALMDALE STATION	750 E AVENUE Q, PALMDALE 93550	Owned	50,186	46,307	NONE
X840	PW ROAD-RMD 5 PALMDALE DIST SURVEY DIV OFFICE	840 E AVENUE Q-12, PALMDALE 93550	Owned	1,275	956	NONE
A274	DCFS-FOSTER YOUTH EDU PROGRAM (PALMDALE)2	37423 70TH STREET E, PALMDALE 93552	Gratis	72	72	NONE
P225	STEPHEN SORENSEN PARK-DIRECTOR'S OFFICE	16801 E AVENUE P, LAKE LOS ANGELES 93591	Owned	0	0	NONE

**FACILITY LOCATION POLICY ANALYSIS**  
**February 3, 2015**

**Proposed Lease Renewal:** Five-Year Lease Amendment for the Department of Children and Family Services (DCFS) – 39959 Sierra Highway, Palmdale – 5<sup>th</sup> District – Option to cancel at the end of the 24<sup>th</sup> month.

**A. Establish Service Function Category** – Regional and local public service function

**B. Determination of the Service Area** – The search area was determined by the high concentration of clients residing within the specified zip codes (93543, 93544, 93551, 93552, 93553, 93563, and 93591).

**C. Apply Location Selection Criteria to Service Area Data**

- Need for proximity to service area and population: DCFS programs are most effective when located in the same geographic area as its clients, providers and stakeholders. This location meets the service area criteria.
- Need for proximity to existing County facilities: It is DCFS' desire to collaborate with County Department partners, such as the Department of Public Social Services, whenever possible. The subject facility is located within four miles of offices housing the Department of Public Social Services and DCFS' Foster Youth Education Program.
- Need for proximity to Los Angeles Civic Center: N/A
- Economic Development Potential: Statistics indicate that the higher unemployment level in the City of Palmdale correlates to a higher number of families living at poverty level and to a higher crime rate.
- Proximity to public transportation: Cab vouchers are provided for the clients to and from the Antelope Valley transportation center by ownership as part of the lease agreement. In addition, the Antelope Valley transportation system is offering service to nearby bus stops.
- Availability of affordable housing for County employees: The surrounding area provides for affordable housing and rental opportunities.
- Use of historic buildings: N/A
- Availability and compatibility of existing buildings: There are no existing County buildings available to meet the Department's service needs.



- Compatibility with local land use plans: The Department of Public Works inspected the facility and found it suitable for County occupancy. Notification letters have been sent pursuant to Government Code Sections 25351 and 65402.
- Estimated acquisition/construction and ongoing operational costs: The initial annual base rent of \$950,400 comprises the total annual lease cost for the facility. Sufficient funding for the proposed lease is included in the Fiscal year (FY) 2014-15 Rent Expense Budget and will be charged back to DCFS. DCFS has sufficient funding in its FY 2014-15 operating budget to cover the proposed lease costs, which are 69 percent funded by Federal and State revenue. Attachment B is an overview of the lease costs.

#### **D. Analyze results and identify location alternatives**

Based upon the space and service needs of DCFS, staff surveyed the immediate area to determine the availability of comparable and more economical site alternatives. Staff was only able to identify two potential facilities in the Palmdale service area. DCFS's use was declined at these two facilities due to the price per square/foot being higher than the proposed price per square/foot.

Based on a survey of the area, staff established the annual rental range for similar space is between \$22.12 and \$34.71 per square foot on a modified full-service basis, including parking. Therefore, the proposed annual rent of \$19.20 modified full-service, including parking, is below the range of the modified full-service market rates for this area and supports the lease renewal at this location.

#### **E. Determine benefits and drawbacks of each alternative based upon functional needs, service area, cost and other Location Selection Criteria**

The extension of the subject lease for the consolidated and co-located DCFS programs will continue to provide centralized, efficient, and affordable space which is consistent with the County's Facility Location Policy adopted by the Board on July 24, 2012. The base rent for the two alternative sites was higher and both would require tenant improvements that would drive the rent up further.

**AMENDMENT NO. 1 TO LEASE NO. 74876  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
39959 SIERRA HIGHWAY, PALMDALE**

This Amendment No.1 to Lease No. 74876 ("Amendment" or "Amendment No. 1") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2015 by and between AP-SIERRA LLC, a California limited liability company, hereafter referred to as "Landlord", and COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as "Tenant".

**RECITALS:**

WHEREAS, Landlord and Tenant entered into Lease No. 74876 ("Lease") which commenced on March 1, 2005, pursuant to which Landlord leased to Tenant those certain premises consisting of approximately 49,500 rentable square feet of office space ("Premises") located on a portion of the first floor of the Building at 39959 Sierra Highway, Palmdale ("Building"); and

WHEREAS, the parties now wish to exercise the option to renew and amend the Lease in certain respects.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree that the following amendments are effective upon the date first above written:

1. Article 4. (a), (b), and (c), COMMENCEMENT AND EXPIRATION DATES, to the Lease is hereby deleted and the following inserted in substitution thereof:

4. (a) TERM: The Term of the Lease shall be for a period of five (5) years beginning upon an execution of this Amendment by the Board of Supervisors or March 1, 2015, whichever occurs later ("Extension Commencement Date") and ending sixty (60) months thereafter (the "First Option Period" or "Extension Term") together with any additional Extension Terms for which an option has been validly exercised pursuant to Article 34 of the Lease, as amended.

2. Article 5 and Exhibit F of the Lease are hereby deleted and the following inserted in substitution thereof:

RENT: Tenant hereby agrees to pay as rent for the Premises during the First Option Period the sum of Seventy-Nine Thousand Two Hundred and 00/100 Dollars (\$79,200.00) per month, or \$1.60 per rentable square foot per month. Tenant shall pay Lessor all rent and other payments due to Lessor hereunder within fifteen (15) days after a claim therefor for each such month has been filed by Lessor with the Auditor of the County of Los Angeles prior to the first day of each month.

Rent for any partial month shall be prorated in proportion to the number of days in such month. Commencing on the first calendar anniversary of the commencement of the Extension Term, and on each calendar anniversary thereafter, the monthly rent as set forth above shall be increased in accordance with the following rent schedule:

## First Option Period

Year 2           \$81,180.00 (\$1.64 per square foot)

Year 3           \$83,160.00 (\$1.68 per square foot)

Year 4           \$85,140.00 (\$1.72 per square foot)

Year 5           \$87,120.00 (\$1.76 per square foot)

Rent for the any additional Extension Term shall be adjusted after establishing 90% of the fair market value commencing on the first calendar anniversary of any Extension Term by 2.5 percent (2.5%) annually of the prior year base rent.

3. Pursuant to Article 10 (b) of the original Lease, Landlord agrees to commence the installation of new carpet and interior repainting of the entire Premises within thirty (30) days of approval of this Amendment to the satisfaction of the Tenant. Notwithstanding anything to the contrary contained herein, Landlord's only obligation with respect to carpeting is to replace every (10) years after the Extension Commencement date and with respect to interior painting, to repaint every five (5) years after the Extension Commencement Date to the satisfaction of the Tenant. Should Landlord fail to comply with completion of tenant improvements within ninety (90) days of approval of this Amendment, Tenant may perform such duties and subtract the cost of tenant improvements from the monthly rent.

4. Article 10(c) of the Lease is hereby amended by inserting the words, "Notwithstanding any provisions of this agreement to the contrary, Tenant at its sole option, acting through the CEO, may request Landlord to perform, supply and administer such repairs, maintenance and day porter services and reimburse Lessor such additional costs as an additional rent. Tenant agrees that his administrative costs and profit and overhead will not exceed a maximum of two percent (2%) of the direct costs associated with such repairs, maintenance work and day porter services.

5. If there are any inconsistencies, variances or differences between any provision of the Lease and a provision of this Amendment No. 1, the provisions of this Amendment No. 1 will prevail and control. The Lease, as amended, is ratified, confirmed and approved. The terms "include" and "including" are not limiting and include the concept of "including but not limited to".

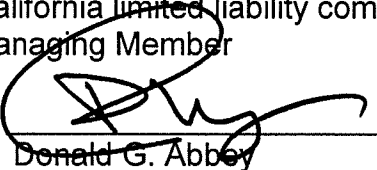
IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 or caused it to be executed, and the County of Los Angeles, by order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Mayor of said Board and attested by the Clerk thereof the day, month, and year first above written.

LANDLORD:

**AP-SIERRA LLC,  
A California limited liability company**

By: DGA-Properties LLC, a  
Delaware limited liability company  
Its: Managing Member

By: Abbey-Properties LLC, a  
California limited liability company  
Its: Managing Member

By:   
Donald G. Abbey  
Its: Governing Member

TENANT:

**COUNTY OF LOS ANGELES,  
a body politic and corporate**

By: \_\_\_\_\_

MICHAEL D. ANTONOVICH

Mayor, Board of Supervisors

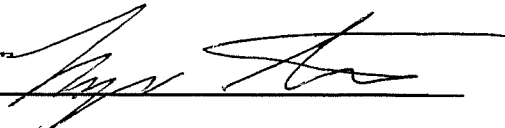
ATTEST:

Patrick Ogawa  
Acting Executive Officer  
Board of Supervisors

By: \_\_\_\_\_

Deputy

APPROVED AS TO FORM:  
MARK J. SALADINO  
County Counsel

By:   
Deputy